

**USAID/Zambia**

**Annual Report**

**FY 2005**

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## **Zambia**

### **Performance:**

Zambia's transition to a multiparty democracy and market-based economy continues to progress slowly; but positively. During the 1990s, the Government of the Republic of Zambia (GRZ) implemented a sweeping program of liberalization and deregulation, eliminating most major market distortions in an attempt to arrest and reverse the economic decline. Unfortunately, these efforts have been impeded by the country's legacy of corruption and limited foreign and domestic investment. Until recently, this has been accompanied by poor performance of the copper sector. As a result, per capita income plummeted from US\$752 in 1965 to US\$351 in 2002.

Since 1999, the economy has been experiencing a modest recovery with positive per capita GDP increases of 1.4 percent annually. Poverty reduction, however, remains a challenge due to a heavy debt burden, weak institutional capacity, and ineffective public spending. The trend in the majority of the Millennium Development Goals (MDGs) established by the United Nations Development Program (UNDP) has moved in the wrong direction over the past decade. In 2000, an estimated 73 percent of the population lived below the official poverty line compared to 70 percent in the early nineties. The impact of the HIV/AIDS pandemic further undermines steps to reduce poverty. Zambia ranked 163 out of 175 countries in the 2003 UNDP's Human Development Index indicating a static position from its 2002 rating. The agricultural sector continues to be central to the Zambian economy with more than 67% of the workforce in agriculture, forestry and fisheries. Constraints in agriculture include high transportation costs; weak market infrastructure; uneven production and inconsistent quality; lack of access to market information, inputs, and credit; and cyclical drought.

In addition heavy external debt burden slows Zambia's development further, with \$6.45 billion in external debt as of December 2003. The debt is owed primarily to multilateral institutions and bilateral creditors. Zambia was approved for debt relief under the World Bank's enhanced Heavily Indebted Poor Country Initiative (HIPC) in 2000. Under this initiative, the government expects to successfully implement and monitor the International Monetary Fund's Poverty Reduction Growth Facility (PRGF) and reach the HIPC completion point in early 2005. Should the government attain the completion point, an estimated \$3.8 billion of foreign debt would be cancelled, allowing resources to be channeled to productive sectors.

The GRZ continues to implement the Poverty Reduction Strategy Plan (PRSP 2002-2004) and the Transitional National Development Plan (TNDP 2003-2005), two comprehensive economic and social plans drawn up with the participation of donors and other stakeholders. Implementation of the PRSP/TNDP programs has been slow due to GRZ budgetary constraints. As the PRSP comes to an end this year and the TNDP in 2005, the GRZ plans to develop a National Development Plan (NDP) which will cover the period 2006-2010, linked to the GRZ Medium Term Expenditure Framework (MTEF).

In 2004, the GRZ took steps to decentralize its functions following the approval of the Decentralization policy by Parliament. This was aimed at improving communications between government institutions and Zambian citizens. Zambia has many active non-governmental organizations (NGOs) and civil society groups, and several independent newspapers and radio stations, two state-owned newspapers and the government-owned Zambia National Broadcasting Corporation. According to the 2004 budget pronouncement the current government's top three priorities were the fight against corruption; promotion of economic growth with focus in the area of agriculture, tourism and small scale mining; and combating HIV/AIDS.

The United States' primary national interest in Zambia is to support Zambia's development as a stable, peaceful, prosperous, and free market democracy, enhancing the stability of southern Africa. With

ongoing conflict in its largest neighbor (the Democratic Republic of Congo) and political and economic instability in Zimbabwe, a stable, democratic, and prosperous Zambia is important for the United States and the region. Zambia will assist in the global war against terrorism by denying terrorists refuge and financial or other support.

In November 2004, Zambia was selected as a "Threshold Country" by the Millennium Challenge Corporation (MCC). During FY 2005, GRZ will submit a proposal for funding from the Millennium Challenge Account (MCA) to assist the GRZ develop policy, regulatory or institutional reforms to improve country performance with respect to one or more of the MCA indicators, moving it closer to being eligible to become an MCA recipient country.

As the 1998-2003 USAID CSP comes to an end USAID has started the implementation of its 2004-2010 Country Strategic Plan (CSP) for Zambia. The five objectives under this strategy focus on increasing private sector competitiveness in agriculture and natural resources, improving the quality of basic education for more school-aged children, improving health status for Zambians, expanding opportunities for effective participation in democratic governance, and reducing the impact of HIV/AIDS through a multisectoral response. The USG's contribution to the Global Fund to Fight HIV/AIDS, TB and Malaria complements USAID's programs. In addition, the centrally managed DCHA/PVC Child Survival and Health and Matching Grants programs have funded several PVO's in Zambia. Education activities are complemented by the President's Africa Education Initiative and the Centers for Excellence in Teacher Training programs.

Regional programs: USAID/Zambia has been collaborating with the REDSO and RCSA to implement a number of regional programs. One such program is the African Growth and Opportunity Act program being implemented by the regional competitive hubs in Botswana and Kenya with the Zambian private sector. The regional agriculture trade expansion support program has initiated interventions to assist local coffee growers, to enter the international specialty coffee market. The program encourages increased formal cross border trade in corn, livestock dairy products.

The regional Famine Early Warning System Network program, apart from providing useful information on local commodity prices and the national food security situation, has initiated a program to monitor informal cross border trade flows within the eastern and southern Africa region covering main cross border crossings in Zambia.

Donor Relations: Donor coordination is extensive with USAID collaborating closely with other donors in implementing health, education, agriculture, and democracy and governance programs. Jointly supported initiatives include the Agricultural Consultative Forum, the Zambia Business Forum, and the Parliamentary Reform Committee. In health and education, donors support the national Health Strategic Plan and the Ministry of Education (MOE) Strategic Plan. Most donors sit on the Health Sector Committee and the Informal Donor Group for Education. Other major bilateral donors and their principal areas of focus include United Kingdom (macroeconomic programs, public sector reform, health and education) Germany (small and medium business development), Norway (rural agribusiness development and the environment), and Japan (health and infrastructure). Multilateral donors include the United Nations agencies, the European Union, the World Bank, the International Monetary Fund, and the African Development Bank. The most challenging area for coordination is HIV/AIDS where 29 donors are helping Zambia defeat the pandemic.

Key Achievements: USAID's five strategic objective programs in Zambia made significant contributions towards achieving U.S. performance goals.

Increased Rural Incomes Of Selected Groups: USAID supported groups increased their incomes to \$8.1 million in FY2004 from \$5.96 million in FY2003, exceeding the target of \$6.2 million for FY 2004. Combined with good rainfall, USAID programs encouraged the wide adoption of improved farming technologies such as small-scale irrigation, conservation farming, and rural milk collection centers. Client outreach to Rural Non-Farm Enterprises (RNFE) with business training and other business development services was 64,106 (target of 62,000). Among the most notable beneficiaries of USAID leveraged

finance were marketing groups under the Cooperative League for United States of America (CLUSA) Rural Group Business Program who accessed \$2,060,000 in agricultural inputs for sale to farmers.

During the year, USAID programs assisted the GRZ and a variety of key stakeholders in the grain trade sector to conclude a widely accepted Agricultural Marketing Plan. This plan will significantly assist Zambian agricultural producers with their marketing efforts. A draft input market plan was also concluded. This plan, if adopted, will encourage the GRZ to embrace private sector participation in agricultural input marketing to replace a state-run monopoly. Additionally, USAID supported the establishment of the Zambia Business Forum, a working group that represents the country's main business associations. In 2004, the forum increased its role in facilitating public/private sector collaboration, working with the GRZ and the private sector to conclude the Private Sector Development Plan (PSDP) which provides a solid framework for addressing issues that constrain private investment and trade in Zambia.

Partnership alliances were widely adopted as the preferred way of doing business. USAID supports alliances in dairy farming, commodity warehousing, information and communications technology skills development, small and medium enterprise (SME) development, and the smallholder fresh vegetable export program. A regional Global Development Alliance (GDA) funded jointly with USAID/Mozambique and the GDA Secretariat initiated an activity to promote business development in eastern Zambia and the Nampula Province of Mozambique.

USAID's CARE Community Based Natural Resources Management Program assisted 7,067 households living in game management areas around the Kafue National Park. They were trained in sustainable agricultural and natural resource enterprise activities. This training helped them earn \$246,292. Although this earning level was 5% lower than last year, the performance indicates the importance of the program in providing sustainable alternative income to this community. This has dissuaded them from engaging in illegal poaching activities of animals in the game management areas.

Improved quality of basic education: The Interactive Radio Instruction (IRI) program remains the key intervention designed to reach school age children who are not enrolled in government schools. The IRI is a Ministry of Education (MOE) program and a collaborative effort among communities, churches, nongovernmental organizations, the Peace Corps and the Education Development Center. The IRI program has rapidly grown in popularity, particularly in community schools countrywide. Further, the number of IRI centers has increased from 513 in FY03 to 647 in FY04, with a corresponding increase in enrolment from 19,230 children in FY03 to 38,513 children (19,101 girls; 19,412 boys) in FY04. Of the 647 centers, 188 are community schools using IRI methodology.

USAID assisted the MOE with information technology systems. This assistance helped MOE establish access to the internet and improve inter-office communication via email and information sharing. A standard computing platform was established throughout two provinces (Eastern and Southern), consisting of 19 district and two provincial offices each of which received two computers along with related supplies. Additionally, the program introduced the Education Automated Statistical Information System Toolkit. This system is the backbone of the ministry's ability to collect, manage, disseminate and use Zambia's timely educational data for effective decision-making and planning.

The recently completed USAID funded Impact Assessment of HIV/AIDS on the Education Sector has become a key reference document for MOE and donors, providing information on how HIV/AIDS currently impacts on the educational system. Community mobilization campaigners continued to be the primary activity supported by USAID. Families are encouraged to recognize HIV/AIDS and use the information to prevent infection, especially among children.

Increased use of integrated child and reproductive health and HIV/AIDS interventions:

USAID continued to support vitamin A supplementation through twice-yearly national Child Health Weeks. The July 2004 campaign reached 92% of children 6 to 59 months old, substantially exceeding the target of 80%. A recent study noted that 5% of children surveyed had "Vitamin A" deficiency in 2003, down from 12% in 1997. This is substantially attributable to the success of Child Health Weeks.

As leader in the fight against HIV/AIDS, USAID supported increasing community participation in HIV prevention; voluntary counseling and testing; stigma reduction; care and treatment. USAID strongly supported the establishment and development of voluntary counseling and testing (VCT) sites. There are now 250 VCT sites throughout the country and 139,402 clients received services in FY 2003. VCT information and commodities management has been greatly improved by the training of district and provincial information officers, Zambian Defense Force health workers and counselors systems and cross-cutting activities.

A 24-hour toll free HIV/AIDS Talk-line averaging about 500 calls per day was launched to provide information, counseling and referrals to assist clients in accessing services for prevention, treatment and care throughout the country. Contributing to Sexually Transmitted Infectious (STI)/HIV prevention, 13,302,576 condoms were distributed, exceeding the target by 10%. Community outreach and advocacy programs reached at least 300,000 people with (IEC) messages through small grants to local NGO's and Faith Based Organizations. High risk and border populations (commercial sex workers and their clients) were reached with prevention messages and condoms, while STI management was provided to over 11,200 women (greatly exceeding the target of 6,500) and more than 2,100 men.

Expanded opportunity for effective participation in democratic governance: During the period under review 69 Membership Organizations (MO) participated in debate on a variety of government regulatory and policy issues. According to an evaluation of the Public Debate program, five million Zambians were reached over three years, mostly through radio and TV debates. This process made a significant impact on seven policies related to media reform, HIV/AIDS partner notification, guidelines to protect civil and human rights, local licensing policy, corruption, and constitutional reform.

Arbitration case targets were fully met, and mediation case targets exceeded the previous year by over 100%. Success in mediation can be attributed to the courts because they are taking full responsibility for the caseload resolution system introduced by USAID in 1999.

Parliamentary Reform: The Anti-Corruption Initiative (ACI) and the Fight against Corruption project funded the baseline study of Parliament and corruption indicators for Democracy and Governance Strategic Objective. The data emerging from the baseline suggests that USAID has made an important contribution to the anti-corruption fight and to strengthening parliament. The GRZ anti-corruption fight has focused on grand corruption and abuse of office, recovery of public assets and prosecution of former leaders.

Gender: Attention to gender issues has noticeably increased in USAID's programs. Health activities focus on maternal and child's health and thereby include gender concerns across the board. HIV/AIDS and family planning programs, programs to increase primary school retention of rural girls and a project to involve mothers in rural Parent Teacher's Associations are all addressing gender issues.

Public/Private Alliances: During the review period USAID continued to raise awareness and understanding of the public-private partnerships among stakeholders. USAID supported alliances in 6 key economic sectors. The seventh regional alliance on cooperative business development operates in both Zambia and Mozambique. The mission was selected for a world wide pilot audit on the concept of GDA's due to the diversity of Zambia GDAs.

## **Results Framework**

### **611-001 Increased rural incomes of selected groups**

#### **SO Level Indicator(s):**

Income of Selected Groups

**IR1** Increased Agriculture and Natural Resources Production

**IR2** Increased Contribution of RNFE's to Private Sector Growth

**IR3** Improved Trade and Investment Environment

### **611-002 Improved quality of basic education for more school-aged children**

#### **SO Level Indicator(s):**

Girls Retention in Targeted Schools

Net Admissions Rate to Grade 1 in Targeted Areas

Number of Children Enrolled in Schools Affected by USAID Basic Education Programs

Number of Learners in Grade 1 in Targeted Areas and Centers

Pupil Assessment Scores in Targeted Areas in Eastern Province

**IR1** Improved Quality of Learning Environments in Targeted Areas

**IR2** Improved Delivery of School-based Health and Nutrition Interventions to Support Pupil Learning

**IR3** Improved Information for Education Decision making Processes

### **611-003 Increased use of integrated child and reproductive health and HIV/AIDS interventions**

#### **SO Level Indicator(s):**

Condom Use

Contraceptive Prevalence (Modern methods)

Median Age at First Sexual Debut

Vaccination Coverage

**IR1** Increased Demand for PHN Interventions among target groups

**IR2** Increased Delivery of PHN Interventions at Community Level

**IR3** Increased Delivery of PHN Interventions by the Private Sector

**IR4** Improved Health Worker Performance

**IR5** Improved Policies, Planning and Support Systems

### **611-004 Expanded opportunity for effective participation in democratic governance**

#### **SO Level Indicator(s):**

Number of Target Public issues or Policies Influenced as a Result Debate Initiated by Membership Organizations

Number of Target Public issues or Policies Influenced as a Result of Debate Initiated by Membership Organizations

**IR1** Increased Efficiency of Administration of Justice

**IR2** Increased Public Debate

### **611-005 Increased Private Sector Competitiveness in Agriculture and Natural Resources**

#### **SO Level Indicator(s):**

Value of Agriculture and Natural resource based export, including tourism receipts

Value of foods and non-foods Agricultural Production

**IR5.1** Increased Access to Markets

**IR5.2** Enhanced Value-Added Production and Service Technologies

**IR5.3** Increased Access to Business Development Services

**IR5.4** Improved Enabling Environment for Growth

### **611-006 Improved Quality of Basic Education for More School-age Children Phase II**

#### **SO Level Indicator(s):**

Number of children completing primary school education in schools affected by USAID basic education

Number of children enrolled in basic education  
Number of students receiving micro-nutrients and de-worming interventions including medications for chronic

Retention of grade 6 level in basic education

**IR6.1** Improved Quality of Basic Education Delivery Systems

**IR6.2** Improved information for efficient Resources Management

**IR6.3** Strengthened Policy Implementation

**IR6.4** Mitigated Impact of HIV/AIDS on Education

#### **611-007 Improved Health Status of Zambians**

##### **SO Level Indicator(s):**

Decrease in infant mortality

Decrease in under 5-mortality

Reduce HIV prevalence among 15-24

**IR7.1** Individuals, families and Communities taking action for Health

**IR7.2** Achievement and Maintenance of High coverage for key Health Interventions

**IR7.3** Health Services Strengthened

#### **611-008 Government Held More Accountable**

##### **SO Level Indicator(s):**

Citizens Perceive government to be more transparent, accountable and less corrupt

Number of Corruption cases prosecuted

**IR8.1** Rule of law Enhances Accountability

**IR8.2** Citizens and CSOs Demand Accountability

**IR8.3** Effective Oversight Institutions

#### **611-009 Reduced Impact of HIV/AIDS through a Multi-sectoral Response**

##### **SO Level Indicator(s):**

% of people 15-24 that are HIV infected

% of PLWA receiving basic care and Psycho-social services

% of OVCs receiving support

reduce absenteeism

**IR9.1** Reduced HIV/AIDS Transmission

**IR9.2** Improved Care and Support for people living/Affected by HIV/AIDS

**IR9.3** Strengthened capacity of key sectors to mitigate the HIV/AIDS Impact

**IR9.4** Improved policy regulatory and environment